

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600

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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF THE LICENSE  
OF :**

**RICHARD E. HASKELL, CRD #1275477**

**Respondent.**

**PETITION TO REVOKE LICENSE,  
BAR LICENSEE AND IMPOSE A FINE**

**Docket no. SD.06-0007**

Pursuant to the authority of Utah Code Ann. § 61-1-6, the Utah Division of Securities ("Division") hereby petitions the Director of the Division ("Director") to enter an Order, subject to the approval of a majority of the Securities Advisory Board, revoking the license of Richard E. Haskell, CRD #1275477 ("Respondent"), barring Respondent from the securities industry, and imposing a fine. In support of this petition, the Division alleges:

**STATEMENT OF FACTS**

1. Respondent has been licensed in Utah as a broker-dealer agent for World Group Securities, Inc. ("WGS") since April 12, 2002. From July 5, 1999 until April 12, 2002, Respondent was a licensed broker-dealer agent with WGS's predecessor, WMA Securities, Inc. ("WMA"). From November 5, 1984 until his termination

on June 30, 1989, Respondent was a licensed broker-dealer agent for Dean Witter Reynolds, Inc. ("Dean Witter").

2. Respondent currently resides in Sandy, Utah.

### **Disclosable History**

3. Respondent was terminated in 1989 from Dean Witter for accepting \$30,000 in compensation from a client without Dean Witter's knowledge.
4. In 2001, Respondent filed a Chapter 7 bankruptcy and was granted a discharge.
5. In addition, during the time period relevant to this action, Respondent was the subject of a state tax lien, was named as a defendant in pending lawsuits, and had numerous judgments entered against him.

### **Issuing of Promissory Notes**

6. In spring 2001, while a licensed agent for WMA, Respondent met with an individual ("Victim") to discuss her investment portfolio. At the time, Victim was also a WMA representative with limited experience. Victim indicated she had \$80,000 in a savings account which she was uncertain how to invest.
7. Respondent indicated he had "a lot of business in the pipe line" but was in need of cash in the short term.
8. On March 12, 2001, Respondent convinced Victim to give his company, Haskell Professional Services, LLC ("Professional Services") \$10,000 in exchange for a promissory note ("Note 1").
9. Pursuant to Note 1, Professional Services agreed to pay Victim \$10,400 on or before May 12, 2001. The note was signed by Respondent on behalf of Professional Services.

10. In addition, Respondent personally guaranteed Note 1.
11. On March 13, 2001, Victim gave Respondent a cashier's check for \$10,000 payable to 'Rick Haskell.' Respondent endorsed the check and took possession of the proceeds.
12. Neither Professional Services nor Respondent repaid Note 1.
13. Respondent renegotiated with Victim and on May 16, 2001, the Note 1 balance was rolled into a second promissory note ("Note 2"), which included \$15,000 in new money from Victim for a principal balance of \$25,000. Note 2 was signed by Respondent on behalf of Professional Services and was personally guaranteed by Respondent.
14. On May 16, 2001, Victim gave Respondent a cashier's check for \$15,000 payable to 'Rick Haskell.' Respondent endorsed the check and took possession of the proceeds.
15. Pursuant to Note 2, Professional Services agreed to pay Victim 24% per annum interest, compounded monthly, with all unpaid amounts to be paid in full on December 31, 2001.
16. Respondent paid Victim a total of \$3,595 towards Note 2.
17. In addition, Respondent gave Victim three checks totaling \$2,157, which did not clear.
18. On January 15, 2002, Respondent and Victim renegotiated again and Respondent, on behalf of Professional Services, signed a third promissory note ("Note 3") for the remaining balance of Note 2, in the amount of \$23,839. Respondent personally guaranteed Note 3.

19. Pursuant to Note 3, Professional Services agreed to pay Victim 24% interest per annum, compounded monthly, with all unpaid amounts due December 31, 2002.
20. Respondent made one payment of \$1,000 on Note 3 on February 26, 2002.

**Failure to Disclose and Misrepresentations**

21. Respondent made the following misrepresentations and omissions of material facts when he issued the promissory notes to Victim:
  - (a) Respondent stated Victim's investment was without risk;
  - (b) Respondent failed to disclose that he had a state tax lien, pending lawsuits, and judgments against him;
  - (c) Respondent did not provide financial statements (personal or for Professional Services); and
  - (d) Respondent did not disclose the nature of the business of Professional Services.
22. On January 8, 2003, Respondent signed his WGS Annual Compliance Checklist, which stated:
  - a) he had not offered or sold any securities except those approved for sale by WGS;
  - b) he had not recommended any investment not approved by WGS;
  - c) he had not accepted a check made payable to him from any WGS representative; and
  - d) he had not borrowed money from a WGS representative.These representations were false.
23. Respondent also failed to disclose on his Form U-4 his outside business activity

of issuing promissory notes through Professional Services. The Form U-4, Uniform Application for Securities Industry Registration or Transfer, is a document filed with the Division and also provided to WGS.

24. Respondent's Form U-4, in fact, affirmatively represented that Professional Services was not an investment-related business.

### **Criminal Charges**

25. Respondent was charged with second degree securities fraud on November 1, 2004 in Fourth District Court, Utah County, arising from his issuance of the notes.
26. On June 28, 2005, Respondent signed a Diversion Agreement in that matter.
27. Pursuant to the Diversion Agreement, Respondent agreed to pay Victim \$20,000 on June 28, 2005 plus \$7,054 within the next twelve months.

## **CAUSES OF ACTION**

### **COUNT I**

(Securities Fraud under § 61-1-1(2) of the Utah Uniform Securities Act ("Act"))

28. Respondent violated Section 61-1-1(2) of the Act by making the following misrepresentations and omissions of material facts when he entered into the promissory notes with Victim:
- (a) Respondent stated Victim's investment was without risk;
  - (b) Respondent failed to disclose that he had a state tax lien, pending lawsuits, and judgments against him;
  - (c) Respondent did not provide financial statements (personal or for

Professional Services); and

- (d) Respondent did not disclose the nature of the business of Professional Services.

### **COUNT II**

(Securities Fraud under § 61-1-1(3) of the Act - Fraud Against Broker-Dealer)

29. Respondent's misrepresentations to his broker-dealer and failure to disclose the outside business activity of issuing the notes constitute an act, practice or course of business which operated as a fraud upon WGS, and exposed WGS to potential liability.

### **COUNT III**

(Dishonest and Unethical Business Practices under § 61-1-6(2)(g) of the Act - Selling Away)

30. Respondent engaged in dishonest and unethical conduct under Utah Administrative Code ("UAC") Rule R164-6-1g(D)(2) by effecting securities transactions not recorded on the books and records of his employing broker-dealer.

### **COUNT IV**

(Dishonest and Unethical Business Practices under § 61-1-6(2)(g) - Violation of NASD Conduct Rule 3030)

31. Respondent violated NASD Conduct Rule 3030 by failing to disclose his outside business activities to his employing broker-dealer, which constitutes a dishonest or unethical business practice under UAC Rule R164-6-1g(C)(28), applicable to agents through R164-6-1g(D)(7).

### **COUNT V**

(Dishonest and Unethical Business Practices under § 61-1-6(2)(g)  
Violation of NASD Conduct Rule 3040)

32. Respondent participated in a private securities transaction without receiving written approval from his employer in violation of NASD Conduct Rule 3040, which constitutes a dishonest and unethical business practice under UAC Rule R164-6-1g(C)(28), applicable to agents through R164-6-1g(D)(7).

### **COUNT VI**

(Filing False Documents with the Division under § 61-1-16)

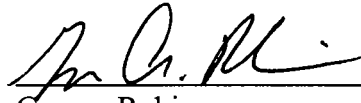
33. Respondent failed to disclose on his Form U-4 his outside business activity of issuing promissory notes through Professional Services.
34. Respondent falsely represented on his Form U-4 that Professional Services was not an investment-related business.
35. Respondent filed false and misleading documents with the Division in violation of Section 61-1-16 of the Act.

### **REQUEST FOR RELIEF**

The Division requests that, based upon Respondent's willful violations of the Act, pursuant to § 61-1-6 of the Act and subject to the approval of the Securities Advisory Board, the Director enter an order revoking the license of Respondent, barring Respondent from association with any broker-dealer or investment adviser licensed in this state, and fining Respondent no less than \$10,000.

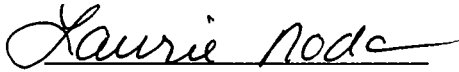
**DATED** this 7<sup>th</sup> day of February, 2006.

UTAH DIVISION OF SECURITIES



George Robison  
Director of Licensing

Approved:



Laurie Noda  
Assistant Attorney General  
A.K.



Division of Securities  
Utah Department of Commerce  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**NOTICE OF AGENCY ACTION**

**RICHARD E. HASKELL, CRD #1275477**

**Docket no. SD-06-0007**

**Respondent.**

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THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

The purpose of this Notice of Agency Action is to inform you that the Utah Division of Securities ("Division") hereby commences a formal adjudicative proceeding against you as of the date of the mailing of this Notice. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through -11. The facts on which this action is based are set forth in the accompanying Petition.

Within thirty (30) days of the date of this Notice, you are required to file a written response with the Division. The response you file may be helpful in clarifying, refining or narrowing the facts and violations alleged in the Petition.

After your response is filed, a hearing will be set at a date and time agreed upon by the parties. If you fail to file a written response or fail to appear at the hearing, you may be held in default in accordance with Utah Code Ann. § 63-46b-11 without any further notice to you, or the hearing may proceed without your participation under § 63-46b-8.

The presiding officer in this case is Wayne Klein, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600. An administrative law judge may be assigned for the hearing. At any hearing, the Division will be represented by the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310. You may appear and be heard and present evidence on your behalf at any such hearings. You may be represented by counsel of your choice in these proceedings. You may attempt to negotiate a settlement of the matter without filing an answer or proceeding to hearing. Should you so desire, please contact the Utah Attorney General's Office. Questions regarding the Petition should be directed to Laurie Noda, Assistant Attorney General, 160 E. 300 South, P.O. Box 140872, Salt Lake City, UT 84114-0872, telephone (801) 366-0310.

DATED this 7<sup>th</sup> day of February, 2006.


  
Wayne Klein  
Director, Division of Securities  
Utah Department of Commerce

**Certificate of Mailing**

I certify that on the 9<sup>th</sup> day of February, 2006, I mailed, by certified mail, a true and correct copy of the Petition and Notice of Agency Action to:

Richard E. Haskell  
1160 Bell Canyon Drive  
Sandy, UT 84094

CERTIFIED MAIL: 7004 2510 0006 1196 9713

  
Executive Secretary